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World Chronicle

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INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Fawzi Hamad AL-SULTAN, President of the International Fund for Agricultural Development (IFAD), elaborates on the Fund's role in helping the rural poor and hungry in third world countries. IFAD has 250 small projects in 110 countries, and works in cooperation with grass roots organizations and local authorities. It provides individuals -- most of whom are women -- with small loans for education, training, and income-generating projects. In addition, IFAD provides assistance to combat desertification in Africa and parts of Latin America. IFAD coordinates its efforts and works closely with other United Nations agencies such as the Food and Agriculture Organization (FAO) and the World Food Programme (WFP).

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's World Chronicle.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

Today, over one billion human beings live in absolute poverty, most of them women and children in rural areas in third world countries. They live with hunger as a constant companion and with the threat of famine far too frequent. To combat hunger and provide the rural poor with access to sufficient food, in 1977 the world community established the International Fund for Agricultural Development, or IFAD. Has this agency made a difference in the lives of the poor and hungry around the world?

Our guest today, Fawzi Hamad Al-Sultan, is the president of IFAD. Joining me to talk with Mr. Al-Sultan are Mohammed Saad of the Voice of America and Ann Penketh of AFP. Mr. Al-Sultan, welcome to world Chronicle.

AL-SULTAN: Thank you.

LITTLEJOHNS: Mr. President, when the executive producer of this programme said to me that we were going to have a guest from IFAD, I confess that my response was, "What is IFAD?" And I'm sure that many people in our television and radio audience will be as ignorant of IFAD as I was until I began reading some material about it. So for their benefit and everyone's benefit, perhaps you could give us a little bit of information about IFAD.

AL-SULTAN: IFAD is a UN agency which is based in Rome. It was set up with a dual mandate: one was to increase agricultural production, and the second one was to alleviate poverty. And that took us, naturally, into the rural poverty area, where the majority of the poor live. As you've mentioned, our target group is the 800 million people that we feel go to bed hungry every night. We now operate in close to 110 countries, and with, I would say, a large number of projects—currently about 250—ongoing. These are primarily comparatively small projects, and they're very much focused at the grass roots level. We work a lot with rural women. And we try to do the integrated farming concept to make sure that—

LITTLEJOHNS: The integrated what concept?

AL-SULTAN: The integrated farm concept. So to introduce a number of things to the family to make sure that they have a consistent living. So everything from drinking water to health, to veterinarian services, extension services, providing the benefits of research, and credit. And the key is giving the poor access to different types of services which they don't have access to now.

LITTLEJOHNS: So is this sort of technical assistance – is it a bit like the extension programmes in the United States, in agriculture, experts providing guidance, expertise that these people can use?

AL-SULTAN: It includes a number of things. It includes financing small types of infrastructure; it includes training; it includes what we call on-farm activities, which is increasing the production of the land itself – on-farm and off-farm. Off-farm is where we concentrate on micro-credit, to both the men and the women. And these enable them to do different types of activities which increase their income. So it's the income from the land, the food security they get from the land plus the income they get from the other activities that together alleviate poverty. So it's a very targeted approach towards the rural poor.

SAAD: Mr. Al-Sultan, eradicating poverty and hunger is a goal IFAD is committed to reaching. How do you assess the progress achieved till now?

AL-SULTAN: I think if you take a look at the amount of resources we have, our programmes run about $450 million every year. That certainly is not enough to be able to say that we're going to be able to alleviate poverty. But what we are able to do is to show the way to many of our member country Governments by setting up pilots where we work very closely with NGOs and, we hope, we pick up innovations and traditional methods and other types of innovations that they have come up with. And we use these then to work with Governments to build up a programme. So even though the resources are small the impact is tremendous in terms of what it can do to generate programmes in the countries themselves. And this is where we're getting a lot of demand on the institution, basically they're saying, "Show us the way. Show us how you can eliminate rural poverty."

PENKETH: But you're not the only agency involved in this, are you? There's also the Food and Agriculture Organization, the World Food Programme. Could you tell us how IFAD fits into the structure?

AL-SULTAN: There's a very close coordination. FAO has tremendous technical capacities. And so when we were founded, we have in our legal articles – we were said – we were told not to duplicate what others are doing, but to use them. And so, for example, when we want to evaluate a project we would set up the design and then we would ask technical people from the FAO's investment centre to go and appraise or to go and formulate the project. So we would use their expertise. The World Food Programme has tremendous capacity because they have food, which they can again do development activities with. So, for example, if we need to build a ditch, or a small rural road, what we do is we employ the people from the village through what is called the World Food Programme's Food for Work programme. So instead of paying them at the end of the day with money

you pay them with a small ration of food. So there's very close cooperation between them. We – each one has its own strengths, and we do very different things.

PENKETH: But the FAO is the largest, is it?

AL-SULTAN: In terms of numbers of people, yes. In terms of programme, we differ very much. We have a larger programme in countries than the FAO has. And the World Food Programme of course is even larger, because of the food capacity they have.

LITTLEJOHNS: Mr. Al-Sultan, I saw in a statement that you made to one of the committees of the UN General Assembly that you dwelt at some length on the problem of desertification and the impact of drought in a lot of countries in the world. Is this the main focus of your operations at this time?

AL-SULTAN: I would say it's certainly a major interest of ours, because the discussion now is that there's a tremendous amount of progress that's being made on the convention for desertification*.

LITTLEJOHNS: There's a UN convention on that?

AL-SULTAN: Yes, there's a UN convention which is now in the process of being ratified by member countries –

LITTLEJOHNS: And what is the purpose of the convention?

AL-SULTAN: It is basically something which has come out of the Rio Summit.

LITTLEJOHNS: The Earth Summit in Rio de Janeiro.

AL-SULTAN: In Rio de Janeiro, on the environment. And this is – it's a major problem now in many developing countries and developed countries, and it needs a coordinated strategy. So there is a group that's working, I would say in fact a group which is negotiating for member Governments. And our role, which we would like to be – which we have said that we would like to host, is what is called the global mechanism, and this is the mechanism which coordinates the financing strategy and coordinates between donors and borrowing Governments, again, to make sure that we can get resources going towards specific projects and countries.

PENKETH: But are you concerned that desertification, far from being eradiated, is actually spreading? And when you think of countries now in Europe, like Spain and Portugal, and even Texas arguably.

AL-SULTAN: That's precisely what the problem is, that there is no coordinated strategy where we can, one, bring lessons to bear and show people how to do things. And this is where we have a very strong experience, because we've had a programme in Africa

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* UN Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (September 1994).

which was precisely aimed at drought and desertification, and we did precisely that, raised money, and then went and found different types of innovative methods where you can enrich the soil, you can catch more water and, at the same time, develop different types of grasses and products which will grow in areas.

SAAD: Mr. Al-Sultan, to expand on the environment degradation and desertification, you know that poverty-stricken populations are forced sometimes, most of the time, to over-exploit their natural resources. How do you keep the balance between the needs of the poor and environmental sustainability?

AL-SULTAN: One example I can give you is a project which has been very successful in Morocco. And what was happening was that it was basically arranged as a management project. People are letting their animals onto the ground, you know, again, at numbers which are uncontrolled. And so when they eat the grasses, they move on. And so what you get is that if you have too many cattle going into an area, you find the grass is not going to grow again. And so you get desertification going on. The key thing, one, was introducing organization, which was traditional methods. In the old days there were protected areas. Today, because of population increases, this is not happening. So we introduced basically management techniques with very strong participation from the population themselves, because they have to do it, get the people to organize themselves into groups, and then have them tell us what they feel they can do in terms of being able to manage that land so that you have protected areas where you can grow, and cattle are not allowed in except when there's a drought. It required improved seeds, improved grasses –

LITTLEJOHNS: Improved seeds?

AL-SULTAN: Well, seeds, yes, –

LITTLEJOHNS: You mean hybrid seeds, for example?

AL-SULTAN: You know, you take the same grasses which grow, and you take them to the research centres and you improve them. And then you put them back into the land, and what you find is grasses, instead of growing –

LITTLEJOHNS: Do you have agricultural laboratories in IFAD to do this kind of thing?

AL-SULTAN: Not ourselves, but we fund a lot of research around the world. And we have – there's a research centre which is funded by international donors in Syria, which, again, particularly concentrates on dry land.

PENKETH: To come back to Mohammed's question and the causes of desertification, how much can be attributed to man and how much to climate change, global warming maybe?

AL-SULTAN: I would say that the biggest cause is the way we use the land. It has to be.

PENKETH: It's man-made. It's man-made.

AL-SULTAN: A lot of it is man-made. And therefore the key of being able to, again, eradicate, or even have a programme for, drought and desertification, the key is again to work on the men and the women who use the land. In Africa, for example, we have found a traditional method which they used to use, which is called bunding. You build a—just an elevation based on how the land is sloped, and so when it rains instead of water just passing by it collects and sinks into the land. And then you grow the seeds around this area. And you find there's a huge difference. The same amount of land in areas which are bunded will allow you to, you know, have—you've seen them, they're just green, all over, high grasses, trees are growing. And then you can—they can feed animals with it as well. And when I was talking about integrated farming, we teach them how to use the manure from the animals to put back into the soil to make mulch. And this has been, you know, so you have to enrich—you basically teach them to enrich the soil, and at the same time catch the water and manage it. I mean, it's how much cattle—I mean, the land has a certain capacity.

SAAD: Mr. President, given the financial difficulties international organizations and sometimes Governments face these days, to what extent has the burden-sharing contribution to IFAD's resources changed?

AL-SULTAN: I think it's a problem that's facing almost every UN organization, as particularly the United States has brought down its share in many of these organizations. And we're faced with two problems: One, the amount of resources we expect to get is going down, but the other thing which needs to be negotiated is this whole question of burden sharing between the different OECD countries. So they have a very delicate burden-sharing arrangement which is based on size of economy. And so if one of them goes down the others go down as well. And this is really something that they have to negotiate and come up with some new formula.

PENKETH: And at present are the pledges drying up?

AL-SULTAN: The money is there. I would say almost every European Government has been very supportive. The problem is the burden sharing. And then how you work out the linkages between that.

LITTLEJOHNS: This is **World Chronicle**. Our guest is Fawzi Hamad Al-Sultan, President of the International Fund for Agricultural Development.

Mr. Al-Sultan, I saw in the literature that we were given for this programme that your loan projects have been highly successful and that the repayment rate is quite astonishing,

97 per cent, which is much higher than in many industrialized countries in similar loan situations. Are these loans provided interest free? And what would be a typical loan, and for what purpose?

AL-SULTAN: Micro-credit is a very strong part of every project. And we started this out by supporting the Grameen Bank when it was very young in Bangladesh. And we learned a lot from it.

LITTLEJOHNS: That's the women's bank, isn't it?

AL-SULTAN: Well, it's—basically it lends—yes, the majority of the borrowers are women. In fact, the best borrowers are women.

LITTLEJOHNS: You mean the most reliable ones.

AL-SULTAN: The most reliable ones.

LITTLEJOHNS: The ones who pay back.

AL-SULTAN: They pay back, yes. There's a very high payment rate among women.

PENKETH: How do you explain that?

AL-SULTAN: Well, the thing is that it's the women that do most of the activities. What you can call your farm. They raise the animals. So most of these loans will go for a number of things. For example, in some parts of the world they want to buy a cow. The loan allows them to do that. They want to buy a few chickens. Or a group of women would come and would like to buy a milling machine, a small one. And so what they do is they sell their services. So instead of a woman really pounding away every morning at wheat just to make a little amount of flour, she can take it every week to the milling machine, and for a small price.... And so it becomes an income-generating activity. And this is what we try to create. We want to improve the nutrition of the women and the children, because they have milk and eggs and some access to meat. At the same time, they are able to sell the offspring of the animals, the milk and everything else, and that generates income. We also teach them—we educate, so we teach them how to read and write, particularly the women, and the men in some centres. We finance the centres, in fact, the construction, and then we also finance NGO's being able to go in and work over—

LITTLEJOHNS: Non-governmental organizations.

AL-SULTAN: Yes. Non-governmental organizations. Or even the community groups. And we can teach them, for example, in Morocco, how to make rugs; in Jordan, NGOs are working on how to make cushions, really elaborate—

LITTLEJOHNS: So it's not just agriculture, it's craftsmanship, artisanship?

AL-SULTAN: The logic behind it is that most small farmers are either—well, some of them are land—some have land, but those are small, and so there's not very much you

can do to really alleviate poverty. You can help them increase food security. But there are many – the poorest people who live in the rural areas are the landless.

LITTLEJOHNS: Landless?

AL-SULTAN: Landless. So that gives them also an opportunity. But it gives them an opportunity to also become part of an economy.

LITTLEJOHNS: So-called tenant farmers, a landlord allows them to farm the land?

AL-SULTAN: Sure. But many of them are just labourers.

LITTLEJOHNS: Oh, I see.

AL-SULTAN: And so this again allows them to earn an extra income.

SAAD: Mr. President, as we are talking about loans, and you know the poorest of the poor are your target groups, how much do you envisage the lending level of 1997?

AL-SULTAN: We are again looking at pretty much about the same programme, between $400 and $450 million.

SAAD: And these are available –

AL-SULTAN: Yes, these are available. Now, bear in mind that this is usually a small part of any project. Now, to give you an example, in India we started a pilot which was an all-women's project in Tamil Nadu. And this is the first all-women's project. There were no men in this.

LITTLEJOHNS: That's one of the Indian states.

AL-SULTAN: Indian states. And it's been just highly successful. There was a social problem of drinking with the men, and the women actually got together and literally revolted, broke all the bottles. But they needed something to generate income; they're very poor. And so a project was started which has been highly successful and has empowered, in fact, and now we're replicating it in close to six other states in India. And so one-third of India will be covered now. To do that type of a programme based on a pilot which is successful, we can't do it by ourselves. So we brought in – we're now working very closely with the World Bank, so they're funding a large part of the programme; at the same time, the Indian Government; and the beneficiaries themselves. A lot of the credit is funded not only from – I mean, we provide the seed money, but a lot of it is – the whole point is to be able to generate savings. So the women, when they pay back, they pay back the instalment plus something extra. And the success of this programme was that some of the women would come back and say, "I want to pay some more, but give me a better teacher in the school." So they're willing to pay for education. This was in answer to your question. The credit is never given for free. In fact, that's a very bad mistake to do. The alternative for people like in Tamil Nadu was to pay usury rates. You know, that would be 200 per cent or 300 per cent a year, if not more. So to give them money at commercial rates – that's 20 per

cent a year – for them, this is – just access to money is what they want. And once they go into activities, they can certainly pay back. And they're willing to pay back.

PENKETH: You have projects all over the world, in Africa and Asia, and some in the Middle East. Could you explain whether one particular region is more successful than others? Or is it impossible to say?

AL-SULTAN: No, they're very different. Certainly I would say one of the regions which has the largest number of problems would be Africa. But that's because of very – I think very special circumstances that they have: drought, desertification, conflicts. And then populations which are spread out – it's very different to be able to go into projects in Bangladesh where there's access – for example, roads and services, and the people are all collected in one area – than to go, for example, in Mauritania, where it's 2000 oases spread out over thousands of miles. You know, it's a very different type of project design. It's a different type of challenge.

SAAD: May I be selfish here, as a Middle Easterner; may I ask how much of the share of the area, of the Middle East are you planning in projects?

AL-SULTAN: It's about 16 per cent of the area. And we have I think –

SAAD: In various countries?

AL-SULTAN: Various countries, yes. In fact, most of the projects are in the large, populated areas, Morocco and Egypt being among the largest.

PENKETH: You yourself are Kuwaiti. Could you tell us how your experience from your own country – have you been able to bring it to bear elsewhere in any project?

AL-SULTAN: Well, not very much from Kuwait itself, but certainly Kuwait has the Kuwait Fund for Arab Economic Development, now the Kuwait Fund for Development, which I worked in when I was first graduated. And that is basically again an aid agency which does projects in different parts of the world. So there was a lot of experience that again I was able to bring from there.

LITTLEJOHNS: Mr. Al-Sultan, yours is a voluntary agency, I believe, meaning that its funding is not by agreed assessments, but voluntary. We hear a great deal these days about donor fatigue and the falling off of contributions for agencies like yours. Is this a serious problem for you at this time?

AL-SULTAN: At this time I would say yes, it is. We've been trying to finish the fourth replenishment of our resources, where the target was $600 for a period of three years.

LITTLEJOHNS: $600 million?

AL-SULTAN: For a period of three years.

LITTLEJOHNS: That's very small, really. $200 million a year is not a lot of money these days.

AL-SULTAN: But bear in mind this only covers about 20 to 30 per cent of our programmes. The rest of it is generated by our own internal resources. Part of it comes from repayments that we get from member countries, so that, again, being 20 years in the business, we're getting repayments coming back. And we also have some investment income. So funds which have not yet been disbursed are invested so we get some income from that.

SAAD: How is the cooperation between IFAD and other lending institutions?

AL-SULTAN: I would say very close. Not only with lending institutions, but also with many of the agencies. There's a lot of cooperation that we do. I mean, most recently there was a meeting in Côte d'Ivoire, Ivory Coast, and this was done by UNIDO, and we have together been working on developing machinery specifically meant – or that can be used using the very cheap fuels which are available through indigenous varieties of plants. So this is, again, it's a tremendous – I would say a very successful pilot which we're starting, and which can lead to quite a number of things.

LITTLEJOHNS: Mr. Al-Sultan, you've spoken about your projects in Africa and India. Are you doing anything in – after all, there are poor countries in Western Europe and certainly in Latin America; perhaps not western Europe, in Europe anyway – what are you doing in Europe and Latin America?

AL-SULTAN: In Latin America, again, we have programmes in almost every country in Latin America, particularly those in the poorest ones. Some excellent projects –

LITTLEJOHNS: But there's no problem with desertification there, is there?

AL-SULTAN: Oh, yes there is.

LITTLEJOHNS: There is?

AL-SULTAN: When you're working in, I would say, northern parts of Mexico, you're looking at deserts. In many parts of Brazil there are what you call semi-arid zones, where there's no irrigation, there's no water. In fact, the problem that we were looking at was that even the water they found underground was saline, and so we have worked on finding small types of desalination plants, because that's a cheaper solution, just to bring them drinking water.

So, you know, this is – in almost every part of the world you run into people living – the poorest people live in these marginal areas, and you simply have to find solutions that are.... But to keep them where they are, because that's their home.

In Europe, we have become, I would say, very active in the ex-Soviet republics; we have begun to work with many of the Asian republics; Albania; most recently we started a programme in Bosnia. Again, because there were no financial institutions, we picked up a special programme which distributes cows, basically replenishing the stock of animals which, during the war and conflict –

LITTLEJOHNS: Mr. Al-Sultan, that's all the time we have. Thank you for being with us on this edition of **World Chronicle**.

Our guest has been Fawzi Hamad Al-Sultan, President of the International Fund for Agricultural Development. He was interviewed by Mohammed Saad of the Voice of America and Anne Penketh of AFP.

I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle**.

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